



INDUSTRY CIRCULAR

DEPARTMENT OF
THE TREASURY

Bureau of Alcohol, Tobacco and Firearms
Washington, D.C. 20226

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INDUSTRY COMPLIANCE WITH APPLICABLE LAWS AND REGULATIONS

Proprietors of Bonded Wine Cellars, Taxpaid Wine Bottling
Houses, Distilled Spirits Plants; Brewers,
Importers, Wholesalers, and others concerned:

The Bureau of Alcohol, Tobacco and Firearms has recently reviewed the significant violations of law by members of the legal alcohol industry (both the beverage and industrial segments) which have resulted in imposition or compromise of civil or criminal penalties.

Numerous violations contributed to substantial deception of consumers. Among these were unauthorized mingling of distilled spirits, misleading advertising, and improper marking and labeling of distilled spirits, wines, and beer. Other violations included late filing of tax returns with consequent imposition of penalties. We consider these actions as serious breaches of the law and regulations. Also, many violations of the Federal Alcohol Administration Act resulted when industry members used commercial bribery, offers of equipment or services, or other means not contemplated by law to induce trade buyers to purchase their products to the exclusion of similar products sold or offered for sale by other persons. These violations are of particular significance because of their nationwide occurrence and their impact on trade. The high incidence of violations raises serious doubts as to whether certain members of the industry have the necessary competence or desire to conduct their activities in compliance with applicable laws and regulations.

One of the principal missions of this Bureau is the enforcement of the Federal laws and regulations under which a large part of the industry operates. We believe the public expects compliance by industry members and remedial action whenever a lack of compliance occurs. In our opinion, the industry as a whole has the ability and the desire to operate within the law. We hope you will agree that the best interests of the industry will be served by wholehearted cooperation of all industry members in a continuing program aimed at the detection of violations, the correction of practices which might lead to future violations, and the imposition of penalties on violators.

The Bureau has begun an intensification of its program of inspection of operations by industry members. This program is not intended to result in harassment nor subject you to unwarranted penalties because of minor unintentional violations. The program is aimed at elimination of violations which adversely affect another person's business, jeopardize the revenue, or involve consumer deception. It is our intention that repetitious, substantial, or flagrant violations will result in revocation of permits or civil or criminal prosecution.

We are, therefore, taking this opportunity to request that each of you review your methods of conducting business to assure all of your business activities are in compliance with the letter and spirit of the law and regulations. Please be assured that we in the Bureau are always ready to advise you concerning any methods or practices about which you may have questions.

Inquiries regarding this circular should refer to its number and be addressed to your Regional Director, Bureau of Alcohol, Tobacco and Firearms.

Rex D. Davis
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Director